



# INTERNATIONAL EGG AND POULTRY REVIEW

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## World Trade Organization : "The Peace Clause"

A "peace clause" in the World Trade Organization (WTO) has expired. The clause was due to expire at the end of 2003. The clause limited the ability of countries to take action against each others' subsidies under the Subsidies and Countervailing Measures Agreement and related provisions. With the lapsing of the clause, countries are less restricted in their challenging other countries' farm subsidies.

Sources: WTO and various news sources.

## Australia

Total poultry meat production is forecast to reach a record 830,000 metric tons (MT) for 2005/2006, up nearly 5% from 2004/2005. This continues a trend in which 2004/2005 increased 8% from the previous year. The two main drivers for poultry meat production in Australia are consumer demand and availability of feed grain. Over the last 4 years there was a drought that reduced feed production while stringent quarantine conditions limited access to imported feed grain resulting in restrained production growth. A recent return to normal weather conditions will likely improve feed grain supplies over the short to medium term. The continued trend of increasing white meat consumption will also help increased demand for poultry and keep retail prices strong. Domestic poultry meat consumption is forecast to be up 5% for 2005/2006.

Exports account for about 3% of domestic poultry production compared to 15% for the U.S. broiler industry. Total poultry meat exports for 2005/2006 are forecast at 21,000 MT. In 2004/2005, South Africa was Australia's largest export market taking approximately 28% of poultry meat exports. Hong Kong was number two with 23% of total exports. Nineteen of Australia's poultry export markets are islands located in oceans adjacent to the mainland.

Australian quarantine regulations prohibit the importation of fresh chicken meat, some say all raw chicken meat, primarily due to concerns about infectious burial disease. Imports of cooked chicken meat are permitted under very strict conditions. The results of these strict quarantine conditions are very limited poultry imports. Australia has been working on a generic Import Risk Analysis (IRA) for uncooked chicken meat since 1997. A release date has not been set yet for the IRA. The United States Thailand and the European Union are hoping to be among the potential suppliers of fresh poultry Australia.

The Australian poultry industry is divided into the chicken meat and egg industries, and to a lesser extent, turkey and game bird production. The farm gate value of the chicken industry is approximately A\$2.5 billion with the egg industry being about A\$330 million per year. Some estimate broiler meat production accounts for around 89% of total poultry meat production.

A common challenge for both broiler and egg industries is the impact of poultry production on the environment. The erosion of 'buffer zones' around poultry production areas because of urban sprawl has made air, manure and waterway management an increasing important issue. Poultry processors and other members of the food chain are also facing new regulation proposals seeking greater control of food safety hazards and the ability to trace poultry and poultry

meat products. The main hazards needing to be controlled are Salmonella and campylobacter and greater enforcement at primary production areas. Another challenge the poultry industry has faced is the use of genetically engineered feed. Following thousands of telephone calls, letters and faxes, the three largest poultry companies agreed to stop using genetically engineered feed.

The egg industry is also facing its own unique challenges. Due to market consolidation and increased competition between states has flooded markets with 500-600 gram eggs selling as low as A\$1.00 per dozen. However, the discounting may change as another crisis looms for the egg industry, the proposed Federal legislation requiring requiring cage sizes to be increased from 450 to 550 square centimeters. The average producers with 30,000-40,000 birds is facing a minimum estimated cost of A\$1million for new housing. Some of the low cost generic egg cartons have no identification where the product came from resulting in complaints of dumping by farmers. Sources: APCRC, USDA/FAS and various news sources.

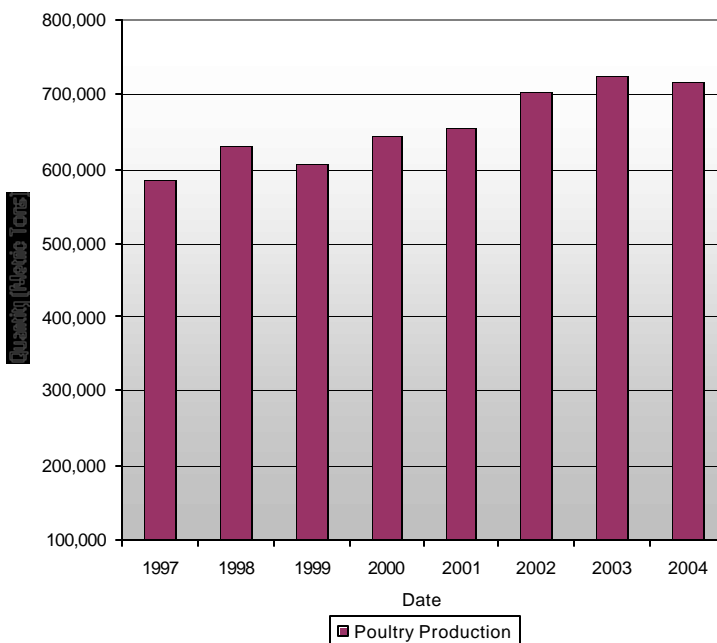
## Australia Egg & Egg Product Imports

(In Millions of U.S. Dollars)

	2002	2003	2004
World	4	5	8
U.S.	1	1	1
U.S. Market Share	12	12	11

Source: USDA/FAS

Australia's Poultry Production 1997-2004



Source: FAO

**Inspected Egg Products-U.S. & Canada Export/Import Trade****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending December 10, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	309	388	16,639	19,773
Frozen	0	0	130	11
Dried	0	40	848	856
Total	309	428	17,617	20,640

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

Week Ending December 10, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	81	86	6,346	7,548
Frozen	0	5	814	1,559
Dried	0	0	371	2,113
Total	81	91	7,531	11,220

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending December 10, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	0	0	200	392
Extra Large	1,190	15,266	181,811	223,391
Large	5,360	22,073	298,976	455,248
Medium	1,252	4,220	99,377	138,304
Ungraded	3,750	4,776	228,928	330,035
Misc	0	0	9,753	16,790
Total	11,552	46,335	819,045	1,164,160

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section  
Source: USDA/AMS Poultry Programs, Market News Branch.**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Dec 16, 2005

**CHICKEN WITH SKIN ADDED**

--- PRICES ---		---- VOLUME ----		
FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	20.00	40,800	-
WTD AVERAGE		20.00		
15-20%				
RANGE	13.00-19.00	11.00-19.00	1,655,600	1,086,000
WTD AVERAGE	14.37	14.33		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

\* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E 10-Dec-05 (PRELIMINARY)

**U.S. Fowl Slaughtered Domestically**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,270	1,483	2,753
Last Week	1,281	1,499	2,780
Same week yr ago	1,534	1,403	2,937
To-date/2005	69,632	69,358	138,990
To-date/2004	66,912	66,585	133,497

**U.S. Fowl Slaughtered in Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	109	0	109
Last Week	248	3	251
Same week yr ago	333	11	344
To-date/2005	12,424	66	12,490
To-date/2004	12,173	147	12,320

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. Fowl slaughtered in the U.S. and Canada**

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,379	1,483	2,862
Last Week	1,529	1,502	3,031
Same week yr ago	1,867	1,414	3,281
To-date/2005	82,056	69,424	151,480
To-date/2004	79,085	66,732	145,817

Source: USDA/AMS Poultry Programs, Market News Branch

**EASTERN REGION MECHANICALLY SEPARATED CHICKEN**

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Dec 16, 2005

**CHICKEN WITH SKIN ADDED**

--- PRICES ---		---- VOLUME ----		
FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	17.50-18.00	480,000	-
WTD AVERAGE		17.75		
15-20%				
RANGE	13.00-21.00	14.00-18.00	2,876,000	1,716,000
WTD AVERAGE	17.75	16.00		
20% OR MORE				
RANGE	-	14.00	160,000	-
WTD AVERAGE		14.00		

\* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 16 DECEMBER 2005.**

The market tone on white meat was mostly steady to barely steady. Demand light to moderate with continued interest noted from Canada to satisfy year-end quotas. Offerings adequate to ample with breast meat and destrapped tenderloins in the longest positions. The market tone on rib breasts was steady to fully steady with inquiry on 4-8 lb. sizes noted for 2006. Offerings short to light. Trading slow to moderate with activity centered on white meat. Domestic bulk parts trading consisted mostly of mixed load volumes. For domestic: fresh scapula 125-128, plant grade non basted 14-16 lb. breasts 165-170 and 16-18 lb. 173 cents delivered. For export: fresh tom drums 41 cents delivered.

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>	<b>WEEKLY</b>	<b>WEEKLY</b>
<b>FRIDAY, DECEMBER 16, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>PRICE</b>	<b>VOLUME</b>
DRUMSTICKS, TOMS	37.00		37.00	40	38.20	200
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/		T	17.00	40	17.00	40
THIGH MEAT - FROZEN		R	98.00	120	97.46	428

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>THURSDAY, DECEMBER 15, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	38.00		38.00	120
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		R	34.00	40
MECHANICALLY SEPARATED 2/		T	17.00	40
THIGH MEAT - FROZEN	98.00		98.00	120

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>WEDNESDAY, DECEMBER 14, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		T	40.00	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		R	34.00	40
MECHANICALLY SEPARATED 2/		T	17.00	40
THIGH MEAT - FROZEN	99.00		99.00	168

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>TUESDAY, DECEMBER 13, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	40.00		40.00	40
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		R	34.00	40
MECHANICALLY SEPARATED 2/	17.00		17.00	40
THIGH MEAT - FROZEN	99.00		99.00	20

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>MONDAY, DECEMBER 12, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		F	39.57	276
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		R	34.00	40
MECHANICALLY SEPARATED 2/		R	17.50	52
THIGH MEAT - FROZEN	94.50		94.50	120

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.

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